



North Carolina Department of Environment and Natural Resources

Division of Air Quality

Sheila C. Holman

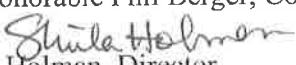
Director

Pat McCrory
Governor

John E. Skvarla, III
Secretary

MEMORANDUM

TO: Joint Legislative Commission on Governmental Operations
The Honorable Thom Tillis, Co-Chair
The Honorable Phil Berger, Co-Chair

FROM: 
Sheila Holman, Director
Division of Air Quality

SUBJECT: Proposed Consumer Price Index (CPI) Increase to Title V Annual Fees

DATE: February 21, 2013

The Commission was provided a proposed fee increase to reflect the CPI adjustment mandated by the Clean Air Act. As the Division prepared to implement the fee increase, an error in the information provided to you was discovered. The Environmental Protection Agency's memorandum documenting the CPI increase reflects both a percentage increase (2.58517%) and a dollar amount (\$1.18). The dollar amount is for reference only, as it is intended to reflect the application of the percentage to the federal presumptive minimum fee rate. The percentage increase was correctly applied to the basic permit fee, but the dollar amount was applied to the tonnage fee. This resulted in a higher than intended tonnage fee to be collected (\$229,570 vs. \$149,804). As the Division proceeds with implementing the CPI increase, the percentage will be used resulting in a lesser impact to the Title V facilities.

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**Department of Environment and Natural Resources
Division of Air Quality**

Name of Fee: Title V Annual Fees

Purpose of Fee: To fund the Title V Permit Program with Title V fees as required in the Clean Air Act.

Current Fee:

Basic Permit fee:	\$6,500
Tonnage fee:	\$30.00 per ton

Revenue Generated (SFY 11-12) \$8,000,817

Purposed Fee:

Basic Permit Fee	\$6,668
Tonnage Fee:	\$30.77 per ton

Additional Revenue Generated:

Basic Permit fee:	\$49,728
Tonnage fee:	\$149,804
TOTAL	\$199,532

Projected Total annual revenue: \$8,200,349

Rationale for Fee Increase: North Carolina GS 143-215.3(1d)(a) states that fees collected from facilities under the Title V program be sufficient to cover the cost of the program as required in the Clean Air Act Section 502(b)(3)(B). The Clean Air Act requires that states fee's shall be increased (consistent with the need to cover reasonable cost) by the Consumer Price Index for the most recent year. EPA's annual calculation of the Part 70 Presumptive Minimum (effective September 1, 2012 through August 31, 2013) is an increase of \$0.77 per ton (which represents a CPI increase of 2.58517%). This increase will result in an increase of \$199,532 in Title V revenue, which is required to off-set the increased cost of operating the Title V program.

Who Pays:	Private TV facilities	\$194,134
	State Government	\$1,171
	Local Government	\$1,655
	Federal Government	\$2,572

Number Affected by Fees: 296 Facilities

Inception Date of Fee: March 1, 2013

Statute Supporting Increase: GS 143-215.3(1d)(a), Clean Air Act Section 502(b)(3)(B); and 15ANCAC 02Q.0204

Date of Last Change: January 1, 2011